

154 FERC ¶ 61,201
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

Louisville Gas and Electric Company and
Kentucky Utilities Company

Docket Nos. ER14-2866-003
ER14-2866-004

ORDER GRANTING REQUEST FOR CLARIFICATION AND ACCEPTING
COMPLIANCE FILING

(Issued March 17, 2016)

1. On November 25, 2015, Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU) (collectively, LG&E/KU) filed a request for clarification, or in the alternative rehearing, of the Commission's October 30, 2015 order conditionally accepting LG&E/KU's compliance filing, subject to a further compliance filing.¹ On December 23, 2015, LG&E/KU submitted a compliance filing pursuant to the October 30 Order. As discussed below, we grant the request for clarification and accept the compliance filing.

I. Background

2. On May 12, 2015, as amended on June 18, 2015, LG&E/KU submitted a compliance filing proposing revisions to Attachment O of their joint Open Access Transmission Tariff (Tariff) to revise their formula rate protocols in response to the Commission's March 19, 2015 order.² In pertinent part, in the March 19 Order, the Commission had required that LG&E/KU revise their formula rate protocols to include a requirement that they endeavor to coordinate with other transmission owners using formula rates to establish revenue requirements for recovery of the costs of transmission

¹ *Louisville Gas and Elec. Co. and Kentucky Utilities Co.*, 153 FERC ¶ 61,126 (2015) (October 30 Order).

² *See Louisville Gas and Elec. Co. and Kentucky Utilities Co.*, 150 FERC ¶ 61,202 (2015) (March 19 Order).

projects that utilize the same regional cost sharing mechanism and hold joint meetings to enable all interested parties to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects.³

3. In the October 30 Order, the Commission found that LG&E/KU's proposed section II.F did not comply with the Commission directives to address joint meetings on regional transmission projects. In particular, the Commission stated as follows:

We find that LG&E/KU's proposed language does not comply with the Commission directives because it appears to limit coordination to only other transmission owners that are members of the same planning region, in this case Southeast Regional Transmission Planning project sponsors. We find that this language does not require LG&E/KU to coordinate with transmission owners outside of the Southeast Regional Transmission Planning region that own inter-regional projects whose costs are allocated using the same cost sharing mechanism to hold joint meetings to enable all interested parties to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects. Therefore, we direct LG&E/KU to revise section II.F in order to not limit the coordination in the joint meetings to only the transmission owners that are members of Southeast Regional Transmission Planning. In addition, such coordination for joint meetings should apply not only to projects that are jointly developed with LG&E/KU but to all projects that utilize the same regional cost sharing mechanisms, and for any year in which the formula rate is used to recover the costs of such projects, and direct LG&E/KU to revise section II.F accordingly.^[4]

4. LG&E/KU request clarification of the Commission's compliance directive. They cite the second sentence of paragraph 13 of the October 30 Order in which the Commission found that LG&E/KU's proposed language failed to require that LG&E/KU coordinate with "transmission owners . . . whose costs are allocated using the same cost sharing mechanism" to hold joint meetings. They also cite the March 19 Order, in which the Commission required that LG&E/KU coordinate with transmission owners whose

³ *Id.* P 33.

⁴ October 30 Order, 153 FERC ¶ 61,126 at P 13.

costs are allocated using “the same *regional* cost sharing mechanism.”⁵ They request that the Commission clarify that it intended to direct that their compliance filing require LG&E/KU to coordinate with transmission owners using the same *regional* cost sharing mechanism. Alternatively, they request rehearing.

5. In their compliance filing, LG&E/KU propose revisions to section II.F consistent with their request for clarification of the Commission’s compliance directive.⁶ LG&E/KU propose to revise section II.F of their Tariff to read as follows:

In such years where LG&E/KU are recovering through their formula rates the costs of a regional or inter-regional transmission project that has been selected for RCAP pursuant to the regional transmission planning process described in Attachment K, LG&E/KU will endeavor to hold a joint meeting with other Transmission Owners who have been allocated costs for the same project through the same regional transmission planning process and who also use transmission formula rates. The purpose of the joint meeting will be to enable all Interested Parties to understand how LG&E/KU and such other Transmission Owners are recovering the costs of such regional or inter-regional transmission project(s) through their respective transmission formula rates. LG&E/KU will endeavor to hold such joint meeting(s) during the third calendar quarter of the year. Notice of joint informational meetings, including the time, date, and location, shall be posted on OASIS and distributed to the email exploder list no less than seven (7) days prior to such meetings, as well as information for providing remote access to such joint meetings.

6. Notice of LG&E/KU’s compliance filing was published in the *Federal Register*, 80 Fed. Reg. 81,538 (2015), with comments due on or before January 13, 2016. None was filed.

II. Discussion

7. We will grant the request for clarification. In the finding in the second sentence of paragraph 13 of the October 30 Order, the Commission inadvertently omitted the word

⁵ *Supra* note 3. (Emphasis added.)

⁶ LG&E/KU Compliance Filing at 3-4.

“regional.” The Commission’s intent was to apply the joint meetings provision to transmission owners whose costs are allocated using the same *regional* cost sharing mechanism. This is consistent with paragraph 33 of the March 19 Order, quoted above. It is also consistent with the last sentence of paragraph 13 of the October 30 Order, in which we stated as follows:

In addition, such coordination for joint meetings should apply not only to projects that are jointly developed with LG&E/KU but to all projects that utilize the same *regional* cost sharing mechanisms, and for any year in which the formula rate is used to recover the costs of such projects, and direct LG&E/KU to revise section II.F accordingly. [(Emphasis added.)]

8. LG&E/KU’s proposed revisions to section II.F are consistent with our clarification of the October 30 Order above and satisfy the Commission’s compliance directive in the October 30 Order. Therefore, we will accept the compliance filing.

The Commission orders:

(A) LG&E/KU’s request for clarification is hereby granted, as discussed in the body of this order.

(B) LG&E/KU’s compliance filing is hereby accepted, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.